low.) As regards maintaining the pre-eminence of cotton as envisaged in the Textile Policy of Government of India, Government have constituted a Committee under the Chairmanship of Shri Abid Hussain, Member, Planning Commission, to review the progress of implementation of the Textile Policy, 1985 and to assess as to how it has affected the various sector of the textile economy. The Committee is expected to make an assessment *inter-alia* whether the pre-eminent role of cotton as the main raw material of the Textile Industry has been maintained.

**Statement**

1. Extra quotas for certain categories of handloom garments have been obtained in the bilateral textile agreement of India with EEC and USA for the preiod 1987—91 which will increase the export possibilities in these regions.

2. Revised rates of CCS have been announced effective from 1st July, 1986. These rates have been announced for a period of three years and are generaly higher than before.

3. The number of days of pre-shipment credit has been increased from 90 days to 180 days. The rate of interest has also been reduced by 2.5 per cent.

4. Many items of raw material/fabrics are permitted to be imported under Duty Free REP Scheme and the Import-Export Pass Book Scheme.

5. The scope of Advance Licensing and Pass Book Schemes has been widened and procedures simplified.

6. Under 100 per cent Export Oriented Units and Free Trade Zones Scheme, facilities for liberal import of capital goods and raw materials alongwith many other concessions are given.

7. Government has been giving liberal assistance for sponsoring and funding promotional activities such as market studies, buyer-seller meets, participation in international fairs and exhibitions.

8. The agency commision has been increased and rules for blanket permission for foreign exchange have been substantially liberalised.

**Losses in Rural Banks**

3541. SHRI ARANGIL SREEDHARAN: Will the Minister of FINANCE be pleased to state:

(a) whether rural banks are running in loss at present;

(b) if so, what are the reasons therefor; and

(c) what measures Government have taken to reduce the losses in these banks?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) NABARD have reported that out of 196 regional rural banks in the country, 151 banks increased loss during the year 1987.

(b) The main reasons for the losses sustaind by rgional rural banks are summarised below:—

(i) Rapid branch expansion.

(ii) Low business potential at the centres served by them.

(iii) Increase in the establishment cost due to upward revision of salary and allowances.

(iv) Overall decrease in margin due to upward revision in the interest rates on deposits on the one hand and downward revision of lending rates on the other.

(v) Lending restricted to the weaker sections of the society.

(vi) High servicing cost per account advances.

(c) On the basis of the recommendations of the Working Group on RRBs (Kelkar Committee) following measures

have been taken to reduce losses and strengthen Regional Rural Banks financially:—

(i) Share Capital of each RRB is raised from Rs. 25 lakhs to Rs. One crore in a phased manner.

(ii) Rate of interest on refinance from the Sponsor Banks has been reduced from 8.5 per cent to 7 per cent.

(iii) Regional Rural Banks have been enabled to invest SLR funds in Government Securities of higher yield.

***Mounting overdues in Agricultural Finance***

3542. SHRI SURESH PACHOURI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the recent trends in agricultural finance showing mounting overdues;

(b) if so, what are the total bank loans overdue at present in regard to agricultural finance; and

(c) what steps are being taken to recover these dues?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) and (b) The position regarding recovery, overdues etc. in respect of direct agricultural advances for all-Indian Scheduled Commercial Banks for the past 3 years is as under:—

(Amount in crores of Rs.)

| Year ended June | Demand | Recovery | Overdues | Percentage of overdues to demand |
|---|---|---|---|---|
| 1985 . . . . . | 3424 | 1856 | 1568 | 45.8 |
| 1986 . . . . . | 4017 | 2274 | 1743 | 43.4 |
| 1987 . . . . . | 4592 | 2622 | 1970 | 42.9 |

Although overdues are increasing in absolute terms their percentage to total annual demand is showing a downward trend.

(c) In order to improve the recovery of overdues, banks have been advised to take measures like strengthening of the organisational structure, adopting of schematic appraisal systems, post lending supervision and launching of recovery drives with the help of State Government. Banks have also been advised to create separate 'Recovery Cell' for a cluster of nearby branches for continuous and effective supervision. As a last resort, legal action is also taken against wilful defaulters for recovery of outstanding overdues.

**Foreign exchange spent on Automobiles and Electronic Industry**

3543. SHRI RAJNI RANJAN SAHU: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that total foreign exchange spent annually on imports for automobile and electronic industry is of the tune of Rs. 1200 crores to Rs. 1500 crores; and

(b) if so, what steps have been taken by Government to cut down this huge foreign exchange spending?